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13 UNITED STATES DISTRICT COURT
14 FOR THE CENTRAL DISTRICT OF CALIFORNIA
15 WESTERN DIVISION

16 UNITED STATES OF AMERICA,
17 Plaintiff,
18 v.
19 VIRTUAL CURRENCY AND
\$2,061,517.68 IN U.S. CURRENCY,
20 Defendants.
21
22

Case No. 2:25-cv-04631-SB-MAR

**GOVERNMENT’S SUPPLEMENTAL
STATUS REPORT PURSUANT TO
COURT’S JULY 22, 2025, ORDER (Dkt.
No. 17)**

Status Conf. Date: September 12, 2025
Status Conf. Time: 8:30 a.m.

23
24 Plaintiff United States of America (“the government”) respectfully submits this
25 supplemental status report pursuant to the Court’s July 22, 2025, minute order. Dkt. No.
26 17. As reflected in the minute order, the Court heard from the government during the
27 July 22, 2025, status conference regarding the government’s plans to serve Rustam
28 Rafailevich Gallyamov and notify Mr. Gallyamov’s scheme victims of the lawsuit

1 pendency and their rights with respect thereto. In addition, the Court set a further status
2 conference for September 12, 2025, at 8:30 a.m. Pursuant to the Court’s minute order,
3 the government hereby reports on subsequent events occurring after the July 22, 2025,
4 status conference relative to the issues the Court has raised.

5 As the Court’s file will reflect, on May 22, 2025, the government filed an *in rem*
6 civil forfeiture complaint against defendants Virtual Currency and \$2,061,517.68 in U.S.
7 Currency (collectively, the “defendant property”). Dkt. No. 1. The government alleges in
8 the complaint that the defendant property is subject to forfeiture because it represents
9 traceable proceeds of ransomware attacks, and was involved in money laundering
10 transactions when the ransom proceeds were moved through various wallets or addresses
11 to frustrate tracing and avoid attention from law enforcement. *Id.* at ¶¶ 16-33. The
12 ransomware attacks were orchestrated by Rustam Rafailevich Gallyamov, whom the
13 government has indicted. *Id.* at ¶¶ 9 and 13. Mr. Gallyamov and his co-conspirators
14 infected hundreds of thousands of victim computers with the Qakbot malware, thereby
15 gaining access to those computers, then required victims to pay ransoms in order to
16 regain access to their computers. *Id.* at ¶¶ 9 and 11. Mr. Gallyamov and victims of his
17 Qakbot conspiracy are persons who may have an interest in the defendant property. *Id.* at
18 ¶ 4.

19 The government’s July 10, 2025, status report advised the Court that Fed. R. Civ.
20 P. 4(m)’s 90-day deadline for personal service applied to this case relative to victims and
21 was inapplicable to Mr. Gallyamov because that statute exempts from the deadline
22 service on an individual in a foreign county (here Russia) under Fed. R. Civ. P. 4(f).
23 Dkt. No. 1:26-2:3. However, the government’s statement was inaccurate, and the
24 government sincerely apologies to the Court for the filing’s erroneous assertion because
25 Fed. R. Civ. P. 4 is inapplicable to this case. As explained below, the government must
26 provide notice to Mr. Gallyamov and the victims consistent with statutes other than the
27 Federal Rules of Civil Procedure, the applicable United States treaty with Russia, and
28 due process.

1 The instant case is an *in rem* civil forfeiture action. Accordingly, this action is
2 governed by the Supplemental Rules for Admiralty or Maritime Claims and Asset
3 Forfeiture Actions (the “Supplemental Rules”), as well as the Federal Rules of Civil
4 Procedure, except that the Federal Rules of Civil Procedure do not apply “to the extent
5 that they are inconsistent with the[] Supplemental Rules.” *See* Supplemental Rule A(2).
6 Because this is an *in rem* civil forfeiture action governed by the Supplemental Rules, the
7 government is not required to personally serve its *in rem* civil forfeiture complaint
8 pursuant to the Federal Rules of Civil Procedure. *Id.* As the Court noted in *United States*
9 *v. \$22,050 in U.S. Currency*, 595 F.3d 318, 320 n.1 (6th Cir. 2010):

10 Under the Supplemental Rules, the government does not have to comply
11 with the formal service of process provisions of Federal Rule of Civil
12 Procedure 4 when providing notice of forfeiture to potential claimants. This
13 is because potential claimants are not defendants in an *in rem* action, the
seized objects or assets are.

14 The above-referenced Supplemental Rules themselves implicitly provide that
15 service must be consistent with due process (*i.e.*, by providing that the government must
16 “send[] notice . . . by means reasonably calculated to reach the claimant”), and case law
17 recognizes that due process requires only that notice be “reasonably calculated, under all
18 the circumstances, to apprise interested parties of the pendency of the action and afford
19 them an opportunity to present their objections.” *Mullane v. Cent. Hanover Bank & Tr.*
20 *Co.*, 339 U.S. 306, 315 (1950) (citations omitted). *See also \$22,050 in U.S. Currency*,
21 595 F.3d at 320 n.1 (instead of Fed. R. Civ. P. 4 service, “all that is required is that the
22 government provide notice of the action ‘to any person who reasonably appears to be a
23 potential claimant on the facts known to the government . . . by means reasonably
24 calculated to reach the claimant.’ (referencing Supplemental Rule G(4)(b)(iii)(A)). Thus,
25 certified mail [used by the government to send notice in the case] was sufficient”).

26 Furthermore, unlike *in personam* cases where a summons and complaint must be
27 personally served on an individual or entity defendant, due process does not require
28 actual notice or the actual receipt of notice of litigation proceedings. *Dusenbery v.*

1 *United States*, 534 U.S. 161, 170 (2002) (“[w]e note that none of our cases cited by
2 either party has required actual notice in proceedings such as this”); *United States v. Real*
3 *Prop.*, 135 F.3d 1312, 1316 (9th Cir. 1998) (“due process requires that the government
4 send notice by mail or other means as certain to ensure actual notice, but does not require
5 that the interested party actually receive notice.”) (citations and internal quotation marks
6 omitted). Nor does due process require the government to exert “heroic efforts” to
7 provide notice. *Dusenbery*, 534 U.S. at 170. Furthermore, “[a] potential claimant who
8 had actual notice of a forfeiture action may not oppose or seek relief from forfeiture
9 because of the government’s failure to send the required notice.” Supplemental Rule
10 G(4)(b)(v).

11 With this clarification regarding the law and the government’s legal obligations,
12 the government addresses below the issues the Court has directed the government to
13 discuss. As mentioned above, the government’s complaint identifies Mr. Gallyamov and
14 victims of his Qakbot conspiracy as persons who may have an interest in the defendant
15 property. With respect to the victims, on August 13, 2025, the government sent letters by
16 certified mail/return receipt requested to 83 victims the government was able to identify
17 (*see* Supplemental Rule G(4)(b)), which notified those victims of the process to seek
18 recovery outside the judicial proceedings via a petition for remission, or conversely of
19 their right and the deadline to file in the instant judicial action a claim contesting
20 forfeiture of the defendant property and an answer to the Complaint.¹ As to any Qakbot
21 victims the government has not been able to identify, the government has published a
22 notice on the internet advising them of their rights to submit petitions for remission,
23 claims, and answers. The deadline for those unidentified victims to file a claim is
24 October 18, 2025, (60 days after the first date of publication on an internet website) and
25
26

27 ¹ Should the victims notified by the government’s August 13, 2025, letter decide
28 to proceed judicially, the deadline for those victims to file a claim is September 17, 2025
(*i.e.*, 35 days after the notice is sent) and an answer is October 8, 2025 (*i.e.*, 21 days after
the claim is filed). *See* Supplemental. Rule G(4)(b)(ii)(B), G(5)(a)(ii)(A) and G(5)(b).

1 an answer is November 8, 2025 (21 days after the claim is due), respectively. *See* Supp.
2 Rule G(5)(a)(ii)(B) and (b).

3 As to Mr. Gallyamov, while notice rather than personal service is all that is
4 required as to individuals residing in the United States, the government must follow the
5 Mutual Legal Assistance Treaty (“MLAT”) process to provide notice to Mr. Gallyamov
6 of the *in rem* civil forfeiture action. On July 25, 2025, the undersigned AUSA sent a
7 draft MLAT request letter to the Department of Justice’s Office of International Affairs
8 (“OIA”) relative to notification as to Mr. Gallyamov for review. On or about August 12,
9 2025, OIA informed the undersigned AUSA that the translation of the MLAT,
10 transmission of the MLAT to the Russian government, and OIA’s receipt of
11 acknowledgement from the Russian government is estimated to take approximately ten
12 weeks. The MLAT requests that the Russian government provide the notice letter (which
13 like the above-referenced notice letters to victims sets forth deadlines for filing claims
14 and answers) to Mr. Gallyamov in Russia.

15 However, if OIA’s request is denied, the government currently plans to seek a
16 default against Mr. Gallyamov’s interest in the defendant property in this *in rem* case
17 because, unlike an *in personam* case requiring personal service, the government’s
18 internet publication, coupled with the public indictment and MLAT transmission,
19 arguably satisfies the reasonable steps the government must take to provide notice to him
20 under the Supplemental Rules and due process. *See United States v. 1,071,251.44 of*
21 *Funds Associated with Mingzheng Int’l Trading Ltd.*, 324 F. Supp. 3d 38, 47 (D.D.C.
22 2018) (where the United States contacted embassies in China, the United Kingdom, and
23 Switzerland and effected service consistent with those countries’ laws, consisting of
24 international package service as to China and the United Kingdom and a MLAT request
25 to Switzerland “[t]hat is *more* than sufficient under Supplemental Rule G(4)(b) to
26 warrant entry of a default judgment”) (emphasis added); *United States v. Funds Up to &*
27 *including the Amount of \$56,634 in U.S. Currency on Deposit in Banesco Int’l, Panama,*
28 *Acct.# XXXXXXXXXXXXX, Titled in the Name of Inversiones Cendeno C.A.*, 79 F. Supp.

3d 112, 114 (D.D.C. 2015) (where Panama froze funds but failed to provide contact information for the account holders for the defendant bank account, the government’s efforts to provide notice “constituted notice ‘sent by means reasonably calculated to reach the potential claimant[s]’ as required by Supplemental Rule G(4)(b)(iii).”) (citation omitted).

In addition, there are approximately six victims the government has identified which reside in Austria, Canada, Germany, Netherlands, and Taiwan. Based on the government’s review of applicable treaties and OIA resources, sending notice to these victims likely requires compliance with a MLAT or Mutual Legal Assistance Agreement (“MLAA”). If so, the government anticipates providing MLAT/MLAA requests to OIA for these victims by October 3, 2025.

In cases like the instant case involving ransomware activity orchestrated by individuals residing in Russia, courts have permitted the government substantial periods of time before requiring the government to seek defaults. *See United States v. Approximately \$1,044,080 Seized from a Binance Account in the Name of Evgenii Polianin*, No. 3:22-CV-577-DCG (N.D. Tex. Nov. 6, 2023) (complaint filed March 11, 2022 [Dkt. No. 1], motion for default judgment not filed until one and one half years later on November 1, 2023 [Dkt. No. 18], and default judgment granted on November 6, 2023, [Dkt. No. 19]); *United States v. Funds up to & including the Amount of \$56,634 in U.S. Currency on Deposit in Banesco Int’l, Panama*, No. 1:12-CV-00259 (ABJ), 2014 WL 31383, at *1 (D.D.C. Jan. 6, 2014) (case filed in 2012 [Dkt. No. 3, Complaint filed February 15, 2012] but default was not entered by the Clerk until January 21, 2015 [Dkt. No. 44, Entry of Default]) *aff’d* 79 F. Supp. 3d 112 (D.D.C. 2015). The government respectfully submits that a reasonably lengthy time to effect notifications is particularly appropriate here in light of the number of victims, their remote locations and the government’s attempt to locate return the unlawful ransom payments to victims of the Qakbot conspiracy.

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1 The government will be available to provide any updates during and answer the
2 Court's questions at the September 12, 2025, status conference. In addition, the
3 government respectfully suggests that the Court require the government to submit reports
4 every three months regarding the status of its efforts to provide the Supplemental Rule
5 notifications.

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7 Dated: August 20, 2025

Respectfully submitted,

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